

**CLOVERDALE FIRE PROTECTION DISTRICT**

Financial Statements

For the Fiscal Years Ended

June 30, 2020 and 2019



# CLOVERDALE FIRE PROTECTION DISTRICT

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Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
**Cloverdale Fire Protection District**  
Cloverdale, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Cloverdale Fire Protection District as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cloverdale Fire Protection District, as of June 30, 2020 and 2019 and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on (pages 3 through 8) and changes in fund balance (pages 29-30) and Schedule of CalPERS (omitted) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Blomberg & Griffin A.C.*

Blomberg & Griffin A.C.

Stockton, CA

October 26, 2020

# CLOVERDALE FIRE PROTECTION DISTRICT

## Management Discussion and Analysis

June 30, 2020 and 2019

As management of the Cloverdale Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements and the accompanying notes to the basic financial statements.

### Financial Highlights

- The assets of the District exceeded their liabilities at fiscal years ending June 30, 2020, and 2019 by \$7,921,535 and \$8,010,360, respectively (net position). This amount includes unrestricted net position of \$884,371 and \$795,362 at fiscal years ending June 30, 2020, and 2019, respectively.
- The District's net position decreased by 1.11% or \$88,825. The decrease is the result of expenses exceeding revenues during the fiscal year ending June 30, 2020. The District's net position decreased by 0.10% or \$8,221. The decrease is the result of expenses exceeding revenues during the fiscal year ending June 30, 2019.
- As of the close of the current fiscal year 19-20, the District reported an ending fund balance of \$1,638,859, an increase of \$169,916. As of the close of the fiscal year 18-19, the District reported an ending fund balance of \$1,468,943, an increase of \$360,181.
- For the fiscal year ending June 30, 2020, the District's long-term liabilities increased by \$160,721 due to pension and compensated absences adjustment. The District's prior fiscal year long-term liabilities decreased by \$38,471 due to payment on capital lease.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements:** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

# CLOVERDALE FIRE PROTECTION DISTRICT

## Management Discussion and Analysis

June 30, 2020 and 2019

### Overview of the Financial Statements (Continued)

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected rental revenue and earned but unused vacation leave).

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are governmental funds.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses governmental funds to account for its activities, which include fire protection services in the district boundaries. The District adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Notes to the Basic Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$7,921,535 and \$8,010,360 at fiscal years ending June 30, 2020 and 2019, respectively.

The net position category labeled "Net investment in Capital Assets" reflects the District's investment in capital assets (e.g., land, buildings and improvements, and equipment) less accumulated depreciation and outstanding debt used for the acquisition of these assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.



# CLOVERDALE FIRE PROTECTION DISTRICT

## Management Discussion and Analysis

June 30, 2020 and 2019

### Net Position

June 30, 2020 and 2019

|                                   | 2020                | 2019                | Increase<br>(Decrease) | Percentage<br>Change |
|-----------------------------------|---------------------|---------------------|------------------------|----------------------|
| Current and Other Assets          | \$ 2,059,665        | \$ 1,924,487        | \$ 135,178             | 6.56%                |
| Capital Assets                    | 7,037,164           | 7,257,661           | (220,497)              | -3.13%               |
| <b>Total Assets</b>               | <b>9,096,829</b>    | <b>9,182,148</b>    | <b>(85,319)</b>        | <b>-0.93%</b>        |
| Long-Term Liabilities Outstanding | 1,131,270           | 1,101,319           | 29,951                 | 2.72%                |
| Other Liabilities                 | 44,029              | 70,469              | (26,440)               | -37.52%              |
| <b>Total Liabilities</b>          | <b>1,175,299</b>    | <b>1,171,788</b>    | <b>3,511</b>           | <b>0.30%</b>         |
| <b>Net Position</b>               |                     |                     |                        |                      |
| Net Investment in Capital Assets  | 7,037,164           | 7,214,998           | (177,834)              | -2.46%               |
| Unrestricted                      | 884,371             | 795,362             | 89,009                 | 11.19%               |
| <b>Total Net Position</b>         | <b>\$ 7,921,535</b> | <b>\$ 8,010,360</b> | <b>\$ (88,825)</b>     | <b>-1.11%</b>        |

**Governmental Activities:** Governmental activities for fiscal years ending June 30, 2020, and 2019 increased the District's general fund by \$169,915 and \$360,181, respectively. The increase in fiscal years 19-20 and 18-19 is the result of revenues exceeding expenditures. In addition, the District's net position on June 30, 2020 and 2019 decreased by \$88,825 and \$8,221, respectively, as reported on the statement of activities on page 10.



**CLOVERDALE FIRE PROTECTION DISTRICT**  
**Management Discussion and Analysis**  
**June 30, 2020 and 2019**

**Change in Net Position**  
**June 30, 2020 and 2019**

|                                      | <u>2020</u>         | <u>2019</u>         | <u>Increase<br/>(Decrease)</u> | <u>Percentage<br/>Change</u> |
|--------------------------------------|---------------------|---------------------|--------------------------------|------------------------------|
| Revenues:                            |                     |                     |                                |                              |
| Program Revenues:                    |                     |                     |                                |                              |
| Charges for Services                 | \$ 509,929          | \$ 638,381          | \$ (128,452)                   | -25.19%                      |
| General Revenues:                    |                     |                     |                                |                              |
| Property Taxes                       | 1,236,874           | 1,257,796           | (20,922)                       | -1.66%                       |
| Donations and Miscellaneous          | 19,479              | 26,730              | (7,251)                        | -27.13%                      |
| Total Revenues                       | <u>1,766,282</u>    | <u>1,922,907</u>    | <u>(156,625)</u>               | <u>-8.15%</u>                |
| Expenses:                            |                     |                     |                                |                              |
| Program Expenses:                    |                     |                     |                                |                              |
| Public Safety- Fire Protection       | 1,855,107           | 1,929,123           | (74,016)                       | -3.84%                       |
| General Expenses:                    |                     |                     |                                |                              |
| Debt Service - Interest              | -                   | 2,005               | (2,005)                        | -100.00%                     |
| Total Expenses                       | <u>1,855,107</u>    | <u>1,931,128</u>    | <u>(76,021)</u>                | <u>-3.94%</u>                |
| Change in Net Position               | (88,825)            | (8,221)             | (80,604)                       | 980.46%                      |
| Net Position - Beginning of the Year | <u>8,010,360</u>    | <u>8,018,581</u>    | <u>(8,221)</u>                 | <u>-0.10%</u>                |
| Net Position - End of the Year       | <u>\$ 7,921,535</u> | <u>\$ 8,010,360</u> | <u>\$ (88,825)</u>             | <u>-1.11%</u>                |

**Financial Analysis of the Government's Funds**

The District uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

**Governmental Funds:** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported an unassigned fund balance of \$1,638,859 an increase of \$169,916 in comparison with prior fiscal year in which the District's governmental fund balance was of \$1,468,943 an increase of \$360,181. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 101.50% and 94% of the total general fund expenditures at June 30, 2020, and 2019, respectively.



**CLOVERDALE FIRE PROTECTION DISTRICT**  
Management Discussion and Analysis  
June 30, 2020 and 2019

**General Fund Budgetary Highlights**

- Expenses for personnel and services and supplies were higher by \$3,536 during fiscal year 2019-2020.
- There were no significant changes to the General Fund during fiscal year 2019-2020. There was a decrease in revenue and decrease in expenditures.
- Expenses for personnel and services and supplies were lower during fiscal year 2018-2019.
- There were no significant changes to the General Fund during fiscal year 2018-2019. There was an increase in revenue and decrease in expenditures.

**Capital Asset and Debt Administration**

**Capital Assets:** The District's investment in capital assets, as of June 30, 2020 and 2019, amounts to \$7,037,164 and \$7,257,661 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings and improvements and equipment. The total decrease in the District's investment in capital assets for the fiscal years ending June 30, 2020 and 2019 was \$220,497 and \$222,275, respectively.

Major capital asset events during the current fiscal year included the following:

- |  |           |
|--|-----------|
| • Depreciation of the capital assets-FY19-20 | \$229,051 |
| • Depreciation of the capital assets-FY18-19 | \$227,636 |

Additional information on the District's capital assets can be found in note III. B

**Debt Administration:** At the end of the fiscal years ending June 30, 2020 and 2019, the District had total long-term obligations of \$169,889 and \$165,928, respectively. As of June 30, 2020, the amount is comprised of \$169,889 of compensated absences. As of June 30, 2019, the amount is comprised of \$123,265 of compensated absences and \$42,663 of capital leases payable.



**CLOVERDALE FIRE PROTECTION DISTRICT**  
Management Discussion and Analysis  
June 30, 2020 and 2019

**Economic Factors and Next Year's Budgets and Rates- FY 19-20**

- Property tax revenues were higher than budget.
- Salaries and benefits expenses were lower than budget.
- Services and supplies expenses were lower than previous fiscal year.

**Economic Factors and Next Year's Budgets and Rates- FY 18-19**

- Property tax revenue remains flat.
- Salaries and benefits expenses were higher.
- Services and supplies expenses were more than previous due to equipment maintenance and safety related expenses.

All of these factors were considered in preparing the District's budget for the fiscal year ending June 30, 2021.

**Request for Additional Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District, 451 S. Cloverdale Blvd, Cloverdale California 95425.

**CLOVERDALE FIRE PROTECTION DISTRICT**

Statement of Net Position

June 30, 2020 and 2019

|  | <u>2020</u>                | <u>2019</u>                |
|--|----------------------------|----------------------------|
| <b>Assets</b>                                    |                            |                            |
| Current Assets:                                  |                            |                            |
| Cash and Investments                             | \$ 1,524,090               | \$ 1,250,402               |
| Cash with fiscal agent                           | 12,354                     | 35                         |
| Accounts Receivable                              | 45,510                     | 208,433                    |
| Flat Charges Receivable                          | <u>100,929</u>             | <u>35,874</u>              |
| Total Current Assets                             | <u>1,682,883</u>           | <u>1,494,744</u>           |
| Non-current Assets:                              |                            |                            |
| Capital Assets (Net of Accumulated Depreciation) |                            |                            |
| Land   | 270,378                    | 270,378                    |
| Building and Improvements                        | 6,109,860                  | 6,267,668                  |
| Equipment  | <u>656,926</u>             | <u>719,615</u>             |
| Total Non-Current Assets                         | <u>7,037,164</u>           | <u>7,257,661</u>           |
| Deferred Outflows of Resources:                  |                            |                            |
| Deferred Outflow of Resources - Pension          | <u>376,782</u>             | <u>429,743</u>             |
| <b>Total Assets</b>                              | <u><u>\$ 9,096,829</u></u> | <u><u>\$ 9,182,148</u></u> |
| <b>Liabilities</b>                               |                            |                            |
| Current Liabilities                              |                            |                            |
| Accounts Payable                                 | \$ 40,178                  | \$ 16,035                  |
| Accrued Payroll                                  | 3,846                      | 9,766                      |
| Capital Leases Payable - Due within One Year     | -                          | 42,663                     |
| Accrued Interest Payable                         | <u>-</u>                   | <u>2,005</u>               |
| Total Current Liabilities                        | <u>44,024</u>              | <u>70,469</u>              |
| Non-Current Liabilities:                         |                            |                            |
| Compensated Absences                             | 169,889                    | 123,265                    |
| Net Pension Liability                            | <u>831,839</u>             | <u>717,742</u>             |
| Total Non-Current Liabilities                    | <u>1,001,728</u>           | <u>841,007</u>             |
| Deferred Inflows of Resources:                   |                            |                            |
| Deferred Inflows of Resources - Pension          | <u>129,542</u>             | <u>260,312</u>             |
| <b>Total Liabilities</b>                         | <u>1,175,294</u>           | <u>1,171,788</u>           |
| <b>Net Position</b>                              |                            |                            |
| Net Investment in Capital Assets                 | 7,037,164                  | 7,214,998                  |
| Unrestricted                                     | <u>884,371</u>             | <u>795,362</u>             |
| <b>Total Net Position</b>                        | <u><u>\$ 7,921,535</u></u> | <u><u>\$ 8,010,360</u></u> |

The notes to the financial statements are an integral part of this statement.

**CLOVERDALE FIRE PROTECTION DISTRICT**

## Statement of Activities

For the Fiscal Years Ended June 30, 2020 and 2019

|                                 | <u>2020</u>         | <u>2019</u>         |
|---------------------------------|---------------------|---------------------|
| <b>Program Expenses</b>         |                     |                     |
| Public Safety - Fire Prevention |                     |                     |
| Salaries and Employee Benefits  | \$ 1,360,539        | \$ 1,439,506        |
| Services and Supplies           | 265,517             | 261,981             |
| Depreciation                    | 229,051             | 227,636             |
|                                 | <u>1,855,107</u>    | <u>1,929,123</u>    |
| <b>Program Revenues</b>         |                     |                     |
| Charges for Services            |                     |                     |
| Intergovernmental Revenue       | 506,406             | 632,249             |
| Licenses and Permits            | 3,523               | 6,132               |
|                                 | <u>509,929</u>      | <u>638,381</u>      |
| Net Program Revenues (Expenses) | (1,345,178)         | (1,290,742)         |
| <b>General Revenues</b>         |                     |                     |
| Property Taxes                  | 1,236,874           | 1,257,796           |
| Interest Income (Expense)       | 1,636               | (1,484)             |
| Sale of Asset Income (Expense)  | (5,240)             | -                   |
| Donation/Reimbursement          | 23,083              | 26,209              |
|                                 | <u>1,256,353</u>    | <u>1,282,521</u>    |
| Change in Net Position          | (88,825)            | (8,221)             |
| Net Position, Beginning of Year | <u>8,010,360</u>    | <u>8,018,581</u>    |
| Net Position, End of Year       | <u>\$ 7,921,535</u> | <u>\$ 8,010,360</u> |

The notes to the financial statements are an integral part of this statement.

**CLOVERDALE FIRE PROTECTION DISTRICT**

Balance Sheet

Governmental Fund

June 30, 2020 and 2019

|   | <u>2020</u>             | <u>2019</u>             |
|---|-------------------------|-------------------------|
| <b>Assets</b>   |                         |                         |
| Cash and Investments  | \$ 1,524,090            | \$ 1,250,402            |
| Cash with fiscal agent  | 12,354                  | 35                      |
| Flat Charges Receivable   | 100,929                 | 35,874                  |
| Accounts Receivable   | <u>45,510</u>           | <u>208,433</u>          |
| <br>Total Assets  | <br><u>\$ 1,682,883</u> | <br><u>\$ 1,494,744</u> |
| <br><b>Liabilities and Fund Balance</b>   |                         |                         |
| Liabilities:  |                         |                         |
| Accounts Payable  | \$ 40,178               | \$ 16,035               |
| Accrued Payroll   | <u>3,846</u>            | <u>9,766</u>            |
| <br>Total Liabilities   | <br><u>44,024</u>       | <br><u>25,801</u>       |
| <br>Fund balance:   |                         |                         |
| Unassigned  | <u>1,638,859</u>        | <u>1,468,943</u>        |
| <br>Total Fund Balance  | <br><u>1,638,859</u>    | <br><u>1,468,943</u>    |
| <br>Total Liabilities and Fund Balance  | <br><u>\$ 1,682,883</u> | <br><u>\$ 1,494,744</u> |
| <br><b>Reconciliation of Balance Sheet to Statement of Net Position</b>   |                         |                         |
| Fund balance - total government funds   | \$ 1,638,859            | \$ 1,468,943            |
| Amount reported for governmental activities in the<br>statement of net position is different because:   |                         |                         |
| Capital assets, net of accumulated depreciation and capital leases,<br>used in governmental activities are not financial resources and,<br>therefore, are not reported in the governmental funds. | 7,037,164               | 7,214,998               |
| Deferred pension charges not reported in funds balance sheet  | 376,782                 | 429,743                 |
| Long-term liabilities are not due and payable in the current<br>period and, therefore, are not reported in the<br>governmental funds.   |                         |                         |
| Compensated Absences  | (169,889)               | (123,265)               |
| Accrued interest payable  | -                       | (2,005)                 |
| Deferred pension credits not reported in funds balance sheet  | (129,542)               | (260,312)               |
| Net Pension liability not reported in funds balance sheet   | <u>(831,839)</u>        | <u>(717,742)</u>        |
| <br>Net Position of Governmental Activities   | <br><u>\$ 7,921,535</u> | <br><u>\$ 8,010,360</u> |

The notes to the financial statements are an integral part of this statement.

**CLOVERDALE FIRE PROTECTION DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
For Fiscal Years Ended June 30, 2020 and 2019

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| <b>Revenues</b>   |                     |                     |
| Property Taxes  | \$ 1,236,874        | \$ 1,257,796        |
| Licenses and Permits                                      | 3,523               | 6,132               |
| Intergovernmental revenue                                 | 506,406             | 632,249             |
| Interest Income   | 1,636               | 521                 |
| Sale of Asset Income                                      | 12,959              | -                   |
| Donation/Reimbursement                                    | 23,083              | 26,209              |
|   | <u>1,784,481</u>    | <u>1,922,907</u>    |
| <b>Expenditures</b>                                       |                     |                     |
| Current:  |                     |                     |
| Salaries and Employee Benefits                            | 1,277,629           | 1,250,713           |
| Services and Supplies                                     | 265,517             | 261,981             |
| Debt service:   |                     |                     |
| Principal   | 42,663              | 40,749              |
| Interest  | 2,005               | 3,920               |
| Capital Expenditures                                      | 26,751              | 5,363               |
|   | <u>1,614,565</u>    | <u>1,562,726</u>    |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 169,916             | 360,181             |
| Net Change in Fund Balance                                | 169,916             | 360,181             |
| Fund Balance, Beginning of Year                           | <u>1,468,943</u>    | <u>1,108,762</u>    |
| Fund Balance, End of Year                                 | <u>\$ 1,638,859</u> | <u>\$ 1,468,943</u> |

The notes to the financial statements are an integral part of this statement.



**CLOVERDALE FIRE PROTECTION DISTRICT**  
 Reconciliation of the Statements of Revenues, Expenditures and  
 Changes in Fund Balance of the Governmental Fund to the  
 Statement of Activities  
 For the Fiscal Years Ended June 30, 2020 and 2019

| <b>Amounts reported for governmental activities in the statement of activities<br/>are different because:</b>  | 2020        | 2019       |
|--|-------------|------------|
| Net change in fund - total governmental fund   | \$ 169,916  | \$ 360,181 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.   |             |            |
| Capital asset addition   | 26,752      | 5,363      |
| Capital asset deletion   | (18,199)    | -          |
| Current year depreciation  | (229,051)   | (227,636)  |
| Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities, While repayment of lease principal is an expenditure in the governmental funds, it reduces long-term liabilities in the Statement of Activities. |             |            |
| Principal Payments   | 42,663      | 40,749     |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds   |             |            |
| Change in accrued interest payable   | 2,005       | 1,915      |
| Pension expense adjustment for deferred items  | (36,288)    | (191,088)  |
| Change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.  |             |            |
|  | (46,623)    | 2,295      |
| Change in Net Position of Governmental Activities  | \$ (88,825) | \$ (8,221) |

The notes to the financial statements are an integral part of this statement.

# CLOVERDALE FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2020 and 2019

## I. Summary of Significant Accounting Policies

### A. Reporting Entity

The Cloverdale Fire Protection District (the District) was formed in April 1994 under provisions of the California Fire Protection District Law of 1987 (Health and Safety Code Section 13800 et. seq.) to provide the citizens of the District fire protection, rescue, emergency medical, and hazardous material emergency response services. The District's governmental powers are exercised through a five-member Board of Directors.

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or section and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# CLOVERDALE FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2020 and 2019

## I. Summary of Significant Accounting Policies (Continued)

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Taxes, interest, and charges for services are considered to be available when receipt occurs within 365 days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are considered to be available when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claim judgments are recorded only when payment is due.

Amounts recorded as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

### D. Assets, Liabilities, and Net Position or Fund Balance

#### 1. Cash and Investments

The District reports certain investments at fair value on the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

#### 2. Receivables and Payables

##### a. Flat Charges Receivable

Flat charges collected are apportioned to the District to supplement property taxes collected for operating costs. Not all of the assessments are collected as of June 30, 2020 and 2019; therefore, the remainder of the uncollected assessments is considered flat charges receivable.

# CLOVERDALE FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2020 and 2019

## I. Summary of Significant Accounting Policies (Continued)

### 2. Receivables and Payables (Continued)

#### b. Property Taxes

The County of Sonoma is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10, and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California's Proposition 13, beginning with the fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on 1% of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of 2% per year.

Included within the property tax revenue is \$791,904 in 2020 and \$780,441 in 2019 in Benefit Assessments collected. Benefit Assessments are types of flat charges applied to each parcel of property within the District, exclusive of the property value.

On June 30, 1993, the Board of Supervisors adopted the "Teeter" Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the County receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

#### c. Accrued Interest Payable

Accrued interest payable is interest expense that has been incurred but not yet paid. Accrued interest balance at fiscal years ending June 30, 2020, and 2019, is \$-0- and \$2,005, respectively.

# CLOVERDALE FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2020 and 2019

## I. Summary of Significant Accounting Policies (Continued)

### 3. Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental activity's columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>             | <u>Years</u> |
|---------------------------|--------------|
| Building and Improvements | 10           |
| Equipment                 | 10-20        |

### 4. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation, administrative leave and sick pay benefits. All vacation and administrative leave and 50% of sick pay are accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### 5. Net Position

Net position is classified into three components – 1) net investment in capital assets, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.
- Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

# CLOVERDALE FIRE PROTECTION DISTRICT

## Notes to the Basic Financial Statements

June 30, 2020 and 2019

### I. Summary of Significant Accounting Policies (Continued)

#### 5. Net Position (Continued)

- Unrestricted net position - This category represents net position of the entity, not restricted for any project or other purpose.
- When both restricted and unrestricted net position is available, restricted resources are used only after the unrestricted resources are depleted.

#### 6. Fund Balance

In the fund financial statements, governmental funds report fund balance using the classifications listed in *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*. Initial distinction is made in reporting fund balance information identifying amounts that are considered nonspendable, such as fund balance associated with inventories. Spendable fund balance for the governmental fund consists of the following classifications:

- Restricted Fund Balance* - the portion of fund balance that can only be spent for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed Fund Balance* - the portion of fund balance whose use is subject to formal action of the government's highest-level decision-making authority. These commitments remain binding unless changed or removed by formal action of the Board as the formal authority that imposed the constraint. The underlying action that imposed, modified, or removed the limitation would need to occur no later than the close of the reporting period.
- Assigned* - the portion of fund balance that is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.
- Unassigned* - the residual amount of all general fund spendable resources not contained in the other classifications.

#### 7. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reports amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.



# CLOVERDALE FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2020 and 2019

## II. Stewardship, Compliance, and Accountability

### A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis. The District's budgetary information was amended during the year by resolution of the Board of Directors.

## III. Detailed Notes

### A. Cash and Investments

The District follows the County's practice of pooling cash and investments of all funds with the County Treasurer, except for funds held by Exchange Bank (for the purpose of payroll distribution), and cash on hand used as a petty cash fund. Deposits with Exchange Bank are FDIC insured up to \$250,000.

The amount of cash at June 30, 2020 and 2019 is as follows:

|                         | 2020                | 2019                |
|-------------------------|---------------------|---------------------|
| Cash in Bank            | \$ 1,524,090        | \$ 1,250,401        |
| Cash with Exchange Bank | 12,354              | 35                  |
| Total                   | <u>\$ 1,536,444</u> | <u>\$ 1,250,436</u> |

### Investment in the Sonoma County Treasurer's Investment Pool

As authorized by Health and Safety Code 13854 (a) the District's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

# CLOVERDALE FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2020 and 2019

## III. Detailed Notes (Continued)

### Investment Guidelines

The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Auditor-Controller Treasurer-Tax Collector at 585 Fiscal Drive, Room 100-F, Santa Rosa, California, 95403-2871.

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its' exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

# CLOVERDALE FIRE PROTECTION DISTRICT

## Notes to the Basic Financial Statements

June 30, 2020 and 2019

### III. Detailed Notes (Continued)

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

#### Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2020 Sonoma County CAFR.

**CLOVERDALE FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2020 and 2019

**III. Detailed Notes (Continued)**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2020 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Retirements</u> | <u>Transfer &amp;<br/>Adjustments</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|--------------------|---------------------------------------|---------------------------|
| Capital Assets, not Being Depreciated:        |                              |                     |                    |                                       |                           |
| Land  | \$ 270,378                   | \$ -                | \$ -               | \$ -                                  | \$ 270,378                |
| Capital assets, Being Depreciated:            |                              |                     |                    |                                       |                           |
| Buildings and improvements                    | 7,770,076                    | 26,753              | (31,999)           | -                                     | 7,764,830                 |
| Equipment                                     | 1,871,180                    | -                   | -                  | -                                     | 1,871,180                 |
| Total Capital Assets, Being Depreciated       | <u>9,641,256</u>             | <u>26,753</u>       | <u>(31,999)</u>    | <u>-</u>                              | <u>9,636,010</u>          |
| Less Accumulated Depreciation for:            |                              |                     |                    |                                       |                           |
| Buildings and Improvements                    | (1,502,411)                  | (157,808)           | -                  | -                                     | (1,660,219)               |
| Equipment                                     | <u>(1,151,562)</u>           | <u>(71,243)</u>     | <u>(13,800)</u>    | <u>-</u>                              | <u>(1,209,005)</u>        |
| Total Accumulated Depreciation                | (2,653,973)                  | (229,051)           | (13,800)           | -                                     | (2,869,224)               |
| Total Capital Assets, Being Depreciation, Net | <u>6,987,283</u>             | <u>(202,298)</u>    | <u>-</u>           | <u>-</u>                              | <u>6,784,985</u>          |
| Capital Assets, Net                           | <u>\$ 7,257,661</u>          | <u>\$ (202,298)</u> | <u>\$ (18,199)</u> | <u>\$ -</u>                           | <u>\$ 7,037,164</u>       |

Capital asset activity for the year ended June 30, 2019 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Retirements</u> | <u>Transfer &amp;<br/>Adjustments</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|--------------------|---------------------------------------|---------------------------|
| Capital Assets, not Being Depreciated:        |                              |                     |                    |                                       |                           |
| Land  | \$ 270,378                   | \$ -                | \$ -               | \$ -                                  | \$ 270,378                |
| Capital assets, Being Depreciated:            |                              |                     |                    |                                       |                           |
| Buildings and improvements                    | 7,764,715                    | 5,361               | -                  | -                                     | 7,770,076                 |
| Equipment                                     | 1,871,180                    | -                   | -                  | -                                     | 1,871,180                 |
| Total Capital Assets, Being Depreciated       | <u>9,635,895</u>             | <u>5,361</u>        | <u>-</u>           | <u>-</u>                              | <u>9,641,256</u>          |
| Less Accumulated Depreciation for:            |                              |                     |                    |                                       |                           |
| Buildings and Improvements                    | (1,345,676)                  | (156,735)           | -                  | -                                     | (1,502,411)               |
| Equipment                                     | <u>(1,080,661)</u>           | <u>(70,901)</u>     | <u>-</u>           | <u>-</u>                              | <u>(1,151,562)</u>        |
| Total Accumulated Depreciation                | (2,426,337)                  | (227,636)           | -                  | -                                     | (2,653,973)               |
| Total Capital Assets, Being Depreciation, Net | <u>7,209,558</u>             | <u>(222,275)</u>    | <u>-</u>           | <u>-</u>                              | <u>6,987,283</u>          |
| Capital Assets, Net                           | <u>\$ 7,479,936</u>          | <u>\$ (222,275)</u> | <u>\$ -</u>        | <u>\$ -</u>                           | <u>\$ 7,257,661</u>       |

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

|   |           |
|---|-----------|
| Public safety - fire protection FY19-20 | \$229,051 |
| Public safety - fire protection FY18-19 | \$227,636 |

**CLOVERDALE FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2020 and 2019

**III. Detailed Notes (Continued)**

**C. Long-term Debt**

Changes in long-term debt

Long-term liability activity for the years ended June 30, 2020 and 2019, were as follows:

|                                    | <u>Beginning<br/>Balance 2019</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance 2020</u> | <u>Due Within<br/>One Year</u> |
|------------------------------------|-----------------------------------|------------------|-------------------|--------------------------------|--------------------------------|
| Long-Term Liabilities:             |                                   |                  |                   |                                |                                |
| Compensated Absences               | \$ 123,265                        | \$ 46,624        | \$ -              | \$ 169,889                     | \$ -                           |
| Capital Leases                     | 42,663                            | -                | 42,663            | -                              | -                              |
| <b>Total Long-Term Liabilities</b> | <b>\$ 165,928</b>                 | <b>\$ 46,624</b> | <b>\$ 42,663</b>  | <b>\$ 169,889</b>              | <b>\$ -</b>                    |
|                                    |                                   |                  |                   |                                |                                |
|                                    | <u>Beginning<br/>Balance 2018</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance 2019</u> | <u>Due Within<br/>One Year</u> |
| Long-Term Liabilities:             |                                   |                  |                   |                                |                                |
| Compensated Absences               | \$ 125,560                        | \$ -             | \$ 2,295          | \$ 123,265                     | \$ -                           |
| Capital Leases                     | 83,412                            | -                | 40,749            | 42,663                         | -                              |
| <b>Total Long-Term Liabilities</b> | <b>\$ 208,972</b>                 | <b>\$ -</b>      | <b>\$ 43,044</b>  | <b>\$ 165,928</b>              | <b>\$ -</b>                    |

**D. Note and Leases Payable**

The District has made the final payment of \$42,663 on July 12, 2020. The outstanding note and lease on June 30, 2020 are as follows:

| Type of<br>Indebtedness (Purpose) | <u>Maturity</u> | <u>Interest<br/>Rate</u> | <u>Annual<br/>Principal<br/>Installments</u> | <u>Original<br/>Issue<br/>Amount</u> | <u>Outstanding<br/>as of<br/>6/30/2020</u> |
|-----------------------------------|-----------------|--------------------------|--|--------------------------------------|--|
| Fire Station                      | 7/17/2019       | 4.70%                    | \$28,219-\$42,663                            | \$ 350,000                           | \$ -                                       |
| Total                             |                 |                          |  |                                      | \$ -                                       |

**E. Municipal Service Review for the Consolidation of Fire Services**

On June 18, 2013 the District signed a Memorandum of Understanding (MOU) with the Geyserville Fire Protection District, the City of Healdsburg and the County of Sonoma-County Services Area No. 40 agreeing to cooperate in a municipal service review for consolidation of fire services. As part of this MOU the County of Sonoma agreed to fund the District \$125,000 during fiscal year 2016-2017 and \$50,000 received after June 30, 2017.

# CLOVERDALE FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2020 and 2019

## III. Detailed Notes (Continued)

### F. Subsequent Events

Management has evaluated subsequent events through October 26, 2020, the date these financial statements were available for release.

## IV. Risk Management

The District receives automobile and general liability coverage as a member of the Fire Agencies Insurance Risk Authority (FAIRA). The District is also a member of the Fire Districts Association of California-Fire Association Self Insurance System (FDAC-FASIS) through which it receives workers' compensation coverage.

As a member of a public entity risk pool, the District is responsible for appointing an employee as a liaison between the District and the system, implementing all policies of the system, promptly paying all contributions, and cooperating with the system and any insurer of the system. The system is responsible for providing insurance coverage as agreed upon, assisting the District with implementation, providing claims adjusting and defense of any civil action brought against an officer of the system.

## V. District Employees Retirement Plan (Defined Benefit Pension Plan)

### Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Copies of CalPERS annual financial report may be obtained from their Executive Office – 400 Q Street, Sacramento, CA 95814.

### Defined Benefit Pension Plan - (Safety Plan)

The District provides eligible employee's pension plans benefits through the Cloverdale Fire Protection District – Safety Plan.

### Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2018 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2018 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.



**CLOVERDALE FIRE PROTECTION DISTRICT**  
Notes to the Basic Financial Statements  
June 30, 2020 and 2019

**V. Defined Benefit Pension Plan - Safety Plan (Continued)**

**Contribution Description**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and contribution rate of employees. For the measurement period ended June 30, 2018 (the measurement date), the active employee contribution rate is 8.989 percent of annual pay; and the average employer's contribution rate is 21.927 percent of annual payroll. For the PEPR safety plan, the active employee contribution rate is 12 percent of annual pay and the average employer's contribution rate is 13.034 percent of annual pay. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

For the measurement period ending June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. Both the June 30, 2018 total pension liability and the June 30, 2019 total pension liability were based on the following actuarial methods and assumptions.

|                                  |   |
|----------------------------------|---|
| Actuarial Cost Method            | Entry Age Normal in accordance with the requirements of GASB Statement No. 68   |
| Actuarial Assumptions            |   |
| Discount Rate                    | 7.15% for 2020 and 2019   |
| Inflation                        | 2.50% for 2020, 2.75% for 2019  |
| Salary Increases                 | Varies by Entry Age and Service   |
| Mortality Rate Table             | Delivered using CalPERS' Membership Data for all Funds  |
| Post Retirement Benefit Increase | Contract COLA up to 2.50% for 2020 and 2.75% for 2019 until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

**CLOVERDALE FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2020 and 2019

**V. Defined Benefit Pension Plan - Safety Plan (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely results in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| <u>Asset Class</u>  | <u>New Strategic Allocation</u> | <u>Real Return Years 1 - 10</u> | <u>Real Return Years 11 +</u> |
|---------------------|---------------------------------|---------------------------------|-------------------------------|
| Global Equity       | 50.0%                           | 4.80%                           | 5.98%                         |
| Global Fixed Income | 28.00                           | 1.00                            | 2.62                          |
| Inflation Sensitive | 0.00                            | 0.77                            | 1.81                          |
| Private Equity      | 8.00                            | 6.30                            | 7.23                          |
| Real Estate         | 13.00                           | 3.75                            | 4.93                          |
| Liquidity           | 1.00                            | 0.00                            | -0.92                         |

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

|                             | <u>Plan Total Pension Liability (a)</u> | <u>Plan Fiduciary Net Position (b)</u> | <u>Plan Net Pension Liability/(Asset) (c) = (a) - (b)</u> |
|-----------------------------|---|--|---|
| Balance at : 6/30/2018 (MD) | \$ 2,768,783                            | \$ 2,051,041                           | \$ 717,742  |
| Balance at : 6/30/2019 (MD) | \$ 3,083,008                            | \$ 2,251,169                           | \$ 831,839  |
| Net Changes during 2018-19  | \$ (314,225)                            | \$ (200,128)                           | \$ (114,097)  |

**CLOVERDALE FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2020 and 2019

**V. Defined Benefit Pension Plan - Safety Plan (Continued)**

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

|   | <u>Discount Rate - 1%</u><br><u>(6.15%)</u> | <u>Current</u><br><u>Discount</u><br><u>Rate (7.15%)</u> | <u>Discount Rate + 1%</u><br><u>(8.15%)</u> |
|---|---|--|---|
| Plan's Net Pension Liability/(Asset) - 2020 | \$ 1,254,345                                | \$ 831,839   | \$ 485,450                                  |
| Plan's Net Pension Liability/(Asset) - 2019 | \$ 1,099,436                                | \$ 717,742   | \$ 405,012                                  |

**Pension Expense, Deferred Outflows and Deferred Inflows**

For the fiscal year ended June 30, 2020 and 2019 pension expense recognized is as follows:

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Service Costs                                   | \$ 61,245         | \$ 53,480         |
| Interest on TPL                                 | 211,341           | 182,440           |
| Changes of Benefits Terms                       | -                 | -                 |
| Changes of Assumptions                          | 38,923            | 27,326            |
| Difference between Expected & Actual Experience | 22,901            | 4,560             |
| Net Plan to Plan Resource Movement              | (18,531)          | 121               |
| Contributions- Employee                         | (22,985)          | (19,243)          |
| Projected Earnings on PPI                       | (153,746)         | (131,332)         |
| Net Investment Income                           | 27,870            | (5,831)           |
| Administrative Expenses                         | 1,552             | 2,865             |
| Other Misc Income (Expense)                     | (5)               | -                 |
| <b>Total Pension Expense (Income)</b>           | <u>\$ 168,565</u> | <u>\$ 114,386</u> |

For the measurement period ended June 30, 2019 (the measurement date), Cloverdale Fire Protection District incurred a pension expense of \$114,386 for the Plan (the pension expense for risk pool for the measurement period is \$1,264,997,744).

For the measurement period ended June 30, 2018 (the measurement date), Cloverdale Fire Protection District incurred a pension expense of \$114,386 for the Plan (the pension expense for risk pool for the measurement period is \$979,582,204).

**CLOVERDALE FIRE PROTECTION DISTRICT**  
Notes to the Basic Financial Statements  
June 30, 2020 and 2019

**V. Defined Benefit Pension Plan - Safety Plan (Continued)**

As of June 30, 2020, and 2019, Cloverdale Fire Protection District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

|  | <b>FY19-20<br/>Deferred<br/>Outflows<br/>of Resources</b> | <b>FY19-20<br/>Deferred<br/>Inflows<br/>of Resources</b> | <b>FY18-19 Deferred<br/>Inflows/(Outflows)<br/>of Resources</b> |
|--|---|--|---|
| Difference between Expected and Actual Experience                                  | \$ 54,312   | \$ -   | \$ 15,363   |
| Changes of Assumptions   | 34,096  | 6,654  | 60,922  |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments   | -   | 11,443   | 4,859   |
| Difference between Employer's Contribution and Proportionate Share of Contribution | 65,455  | -  | 73,240  |
| Pension Contributions made Subsequent to Measurement Date                          | 173,171   | -  | (126,141)   |
| Changes in Employees Proportion  | <u>49,748</u>   | <u>111,445</u>   | <u>141,188</u>  |
| Total  | <u>\$ 376,782</u>   | <u>\$ 129,542</u>  | <u>\$ 169,431</u>   |

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| <b>Measurement Period<br/>Ended June 30,</b> | <b>FY19-20 Deferred<br/>Outflows/(Inflows)<br/>of Resources</b> | <b>FY18-19 Deferred<br/>Outflows/(Inflows)<br/>of Resources</b> |
|--|---|---|
| 2020   | \$ -  | \$ 122,570  |
| 2021   | 54,644  | (2,272)   |
| 2022   | 85,693  | 33,934  |
| 2023   | 79,936  | 15,200  |
| 2024   | 26,967  | -   |
| 2025   | -   | -   |
| Thereafter                                   | -   | -   |

**CLOVERDALE FIRE PROTECTION DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budgets and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2020

|   | Budgeted Amounts      |                       | Actual<br>Amounts   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|-----------------------|-----------------------|---------------------|---|
|   | Original              | Final                 |                     |   |
| <b>Revenues</b>   |                       |                       |                     |   |
| Property Taxes  | \$ 1,050,750          | \$ 1,095,940          | \$ 1,236,874        | \$ 140,934  |
| Licenses and Permits  | 8,000                 | 8,000                 | 3,523               | (4,477)   |
| Intergovernmental Revenue                                   | 280,500               | 280,500               | 506,406             | 225,906   |
| Interest Income   | 250                   | 250                   | 1,636               | 1,386   |
| Sale of Asset Income  | -                     | -                     | 12,959              | 12,959  |
| Donation/Miscellaneous Revenues                             | 14,075                | 14,075                | 23,083              | 9,008   |
| Total Revenues  | <u>1,353,575</u>      | <u>1,398,765</u>      | <u>1,784,481</u>    | <u>385,716</u>  |
| <b>Expenditures</b>   |                       |                       |                     |   |
| Current:  |                       |                       |                     |   |
| Salaries and Employee Benefits                              | 1,288,555             | 1,321,555             | 1,277,629           | 43,926  |
| Services and Supplies                                       | 317,101               | 300,100               | 265,517             | 34,583  |
| Debt Service:   |                       |                       |                     |   |
| Principal   | 42,663                | 42,663                | 42,663              | -   |
| Interest  | 3,005                 | 3,005                 | 2,005               | 1,000   |
| Capital expenditures  | 280,000               | 360,000               | 26,751              | 333,249   |
| Total Expenditures  | <u>1,931,324</u>      | <u>2,027,323</u>      | <u>1,614,565</u>    | <u>412,758</u>  |
| Excess (Deficiency of Revenues Over<br>(Under) Expenditures | <u>(577,749)</u>      | <u>(628,558)</u>      | <u>169,916</u>      | <u>798,474</u>  |
| <b>Other Financing Sources (Uses)</b>                       |                       |                       |                     |   |
| Operating Transfers In                                      | -                     | -                     | -                   | -   |
| Operating Transfer Out                                      | -                     | -                     | -                   | -   |
| Total other Financing Sources (Uses)                        | <u>-</u>              | <u>-</u>              | <u>-</u>            | <u>-</u>  |
| Net Change in Fund Balance                                  | (577,749)             | (628,558)             | 169,916             | 798,474   |
| Fund Balance, Beginning of Year                             | <u>(962,844)</u>      | <u>(1,141,861)</u>    | <u>1,468,943</u>    | <u>(2,610,804)</u>  |
| Fund Balance, End of Year                                   | <u>\$ (1,540,593)</u> | <u>\$ (1,770,419)</u> | <u>\$ 1,638,859</u> | <u>\$ 3,409,278</u>                                       |

The notes to the financial statements are an integral part of this statement.

**CLOVERDALE FIRE PROTECTION DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budgets and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2019

|   | Budgeted Amounts    |                       | Actual<br>Amounts   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------|-----------------------|---------------------|---|
|   | Original            | Final                 |                     |   |
| <b>Revenues</b>   |                     |                       |                     |   |
| Property Taxes  | \$ 1,050,750        | \$ 1,050,750          | \$ 1,257,796        | \$ 207,046  |
| Licenses and Permits  | 8,000               | 8,000                 | 6,132               | (1,868)   |
| Intergovernmental Revenue                                   | 432,475             | 432,475               | 632,249             | 199,774   |
| Interest Income   | 250                 | 250                   | 521                 | 271   |
| Donation/Miscellaneous Revenues                             | 14,075              | 14,075                | 26,209              | 12,134  |
| Total Revenues  | <u>1,505,550</u>    | <u>1,505,550</u>      | <u>1,922,907</u>    | <u>417,357</u>  |
| <b>Expenditures</b>   |                     |                       |                     |   |
| Current:  |                     |                       |                     |   |
| Salaries and Employee Benefits                              | 1,338,515           | 1,338,515             | 1,250,713           | 87,802  |
| Services and Supplies                                       | 333,100             | 333,100               | 261,981             | 71,119  |
| Debt Service:   |                     |                       |                     |   |
| Principal   | 40,749              | 40,749                | 40,749              | -   |
| Interest  | 4,920               | 4,920                 | 3,920               | 1,000   |
| Capital expenditures  | 125,000             | 100,000               | 5,363               | 94,637  |
| Total Expenditures  | <u>1,842,284</u>    | <u>1,817,284</u>      | <u>1,562,726</u>    | <u>254,558</u>  |
| Excess (Deficiency of Revenues Over<br>(Under) Expenditures | <u>(336,734)</u>    | <u>(311,734)</u>      | <u>360,181</u>      | <u>671,915</u>  |
| <b>Other Financing Sources (Uses)</b>                       |                     |                       |                     |   |
| Operating Transfers In                                      | -                   | -                     | -                   | -   |
| Operating Transfer Out                                      | -                   | -                     | -                   | -   |
| Total other Financing Sources (Uses)                        | <u>-</u>            | <u>-</u>              | <u>-</u>            | <u>-</u>  |
| Net Change in Fund Balance                                  | (336,734)           | (311,734)             | 360,181             | 671,915   |
| Fund Balance, Beginning of Year                             | <u>(626,110)</u>    | <u>(830,127)</u>      | <u>1,108,762</u>    | <u>(1,938,889)</u>  |
| Fund Balance, End of Year                                   | <u>\$ (962,844)</u> | <u>\$ (1,141,861)</u> | <u>\$ 1,468,943</u> | <u>\$ 2,610,804</u>                                       |

The notes to the financial statements are an integral part of this statement.



**CLOVERDALE FIRE PROTECTION DISTRICT**  
Roster of Board Members

As of October 31, 2020, the District Board consisted of the following members:

Directors:

Carol Giovanatto  
Melanee Southard  
Nancy Avansino  
Al Giordano  
Pam Johnson

Office

President  
Vice President  
Director  
Director  
Director

Regular Meetings:

The regular meeting of the Board of Directors is held at 6:00 P.M. on the second Monday of each month at the Cloverdale Fire Station, located at 451 S. Cloverdale Blvd., Cloverdale, California.